

**RSCC FOREST/PAPER SUBCOMMITTEE  
CONFERENCE CALL  
APRIL 29, 2008**

**ON THE CALL:** Brad Newcomb, Montana Refining Co.; Craig Eaton, Gwynn Lumber & Reload; Sheryl Ralph, Port of Montana; Russ Hobbs, Plum Creek, Chair of Forest/Paper Subcommittee.

**PURPOSE:** The purpose of the call was to try to identify specific action items for the RSCC to address.

*Questions: Are there markets you cannot cost effectively reach because of your captive shipper status? Are there markets that you could access better via the UP or CP? If your product is not practical to move through a transload, what would direct rail access to competing lines do for your business? How could the State help us to improve this situation?*

- Intermountain markets such as Boise or Salt Lake City should be easily accessible from Montana, but BNSF routes are either far east and then south or far west and south, both of which are very expensive. The UP runs directly south from Silver Bow and should be more competitive with truck rates.
- Lumber shippers would truck to Silver Bow and reload onto UP cars if the total cost was competitive with trucks
- Bulk shippers typically cannot use transloads but would benefit from more direct routing to the UP.

**ACTION ITEMS:**

- The RSCC should identify and completely understand the various routings and relative costs of getting products to Silver Bow, both by truck and rail. The goal should be to find ways to drive costs out of the movement of products and improve the competitiveness of Montana products in intermountain markets. Considerations the sub-committee raised were:
  - Pushing for re-opening Great Falls to Helena line as a step to reduce rail costs to reach Silver Bow and other southern or intermountain markets.
  - Pushing for cost effective access from MRL line to Silver Bow.
  - Coordinating trucking co-op to reduce costs of transporting products to Silver Bow.

*Questions: How would your business improve if the railroads gave you better service?? Can you identify a monetary cost from the poor service many people complained about? How can the RSCC encourage the railroads to get them to improve their overall service levels?*

- The group concluded that there were no good examples of business being lost because of poor railroad service. In fact, lumber shippers were fairly happy with the overall service levels. Rather, the issue is one of the railroads trying to push incremental costs to the shippers. The best example is the bunching of cars at a shipper or receiver. The group felt that there was a growing tendency to deliver more cars at once than in the past. While this may be more efficient for the railroad, it typically increases handling costs for the shipper or receiver.
- While this was an area of frustration, the group was uncertain how the RSCC could improve the situation.